



## EDITORIAL

### **The Economic Slowdown finally hits Electrical Industry**

The Indian electrical Industry has finally succumbed to the pressure of the economic slowdown and gone into a negative spiral in the third quarter of the current financial year, as compared to the previous quarter. Such a situation has arisen after a gap of five years as the industry was continuously posting positive growth rates on quarter to quarter basis.

These growth indices calculated by IEEMA are based on the actual data submitted by the individual companies and validated by the respective divisions.

The reasons for these growth trends are very obvious if we look at the individual product groups.

As we all know, the major drivers for the electrical industry are:

- Government investment in the Infrastructure such as power, roads, ports, airports etc.
- Private investment in the above sectors and in the industries supplying products to these as well as other sectors
- Construction of commercial and residential buildings
- Demand for consumer products, and
- Exports

From the available statistics, it is observed that the low voltage products are showing a sharp negative trend with some products like capacitors, energy meters and motors posting a negative growth of more than 10%. This corroborates with the fact that the dismal trends indicated by the industrial and realty sectors. The slowdown has also pressed a panic button in the minds of the consumers, who are deferring purchasing decisions, thereby creating a recessionary situation.

The silver lining to this scenario as of now is that the high and extra high voltage segments like power transformers, circuit breakers etc. are still demonstrating strong positive growth, thanks to the investments made by the Government and public sector utilities.

We feel that this trend will continue for some more time, after which a demand escalation in low voltage products would start as there would be need to evacuate the generated power.

We hope our conclusions of the present situation are correct and we would appreciate receiving contributions from experts from the industry to throw more light on this subject.

*Sunil More*

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